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GG+A Quarterly Review

GG+A Grenzebach Glier and Associates

Philanthropic News & Analysis

Managing for the Mega-gift

Growing Number of Millionaires and Billionaires Broaden Possibilities

While U.S. economic forecasts remain grim for the remainder of 2008, and the commodity price surge and weakened U.S. dollar have taken their toll on the global economy, the ranks of the ultra-wealthy continue to swell. The number of wealthy individuals in the world grew six percent in 2007, to more than 10.1 million people who own assets totaling $40.7 trillion. For the first time, the average income of high net worth individuals surpassed $4 million, according to the recently released Capgemini/Merrill Lynch *World Wealth Report 2008*. Decades of an economy unconstrained by taxes, regulation, and national borders have produced a crop of more than 1,000 billionaires, whose wealth and influence rival that of the robber barons a century ago, according to *The Washington Times* ("Billionaires List Growing," by Patrice Hill, July 7, 2008).

As the ranks of millionaires and billionaires worldwide continue to grow, so does the capacity of these individuals to make mega-gifts to higher education, cultural, healthcare, and a range of nonprofit institutions. In this decade alone, the number of gifts of $10 million or more has nearly reached 3,000—and this account is inevitably understated as it only includes gifts that were made public. A record number of mega-gifts were announced in 2007—49 gifts of $100 million or more and 384 gifts of between $10 and $100 million, according to data from the Center on Philanthropy at Indiana University. As of June 2008, 13 gifts of $100 million or more and 214 gifts of between $10 million and $100 million have been reported, suggesting that market oscillations of the first half of 2008 have not stopped the pipeline of significant charitable contributions.

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Mega-gifts Pose Greater Challenges and Opportunities

Mega-donors can be challenging for development officers to manage as they often expect greater accountability and want to see positive outcomes more quickly. At the same time, development officers must gauge the effect these extraordinary gifts have on other donors. How do institutions use these gifts as motivators for other mega-donors while convincing smaller donors that their gifts are equally important?

"The importance of long-term relationships with mega-donors is undeniable," says Michael Eicher, vice president for development and alumni relations for **Johns Hopkins University**, who notes that mega-gifts are typically cultivated over many years with prospects who have multiple interests across the institution and who have different demands and expectations. "They are doing more due diligence and really pressing us to answer the question of impact. 'How is this gift going to make a difference?'" He adds that mega-donors also tend to want out-of-the-box, creative proposals for projects with high impact and expect details on outcomes. "As a rule,

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For every sector of the not-for-profit community, today's extremely wealthy individuals are key to successful fundraising efforts, but they must be treated with care. As development officers feel the pressure to secure immediate support for operating budgets and facilities projects, institutions must take the time to build the genuine relationships with prospects that will result in long-term, substantial commitments.

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An international leader in philanthropic management consulting, Grenzebach Glier and Associates, Inc. (GG+A) has more than 45 years of experience with educational, cultural, medical, and other nonprofit institutions. The goal of the *Review* is to provide timely information about issues and events that are relevant to philanthropy.

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This balancing act promises to become even more precarious in the months ahead as concern about the economy balloons, according to the Center on Philanthropy at Indiana University ("Nonprofits Becoming Less Optimistic About the Climate for Charitable Giving: Majority Report Economy Having a Negative Impact," July 21, 2008).

In this issue of the *GG+A Quarterly Review*, institutional leaders and senior development officers share their perspectives on the role of the mega-gift in fundraising today, the cultivation and stewardship of this new breed of philanthropist, and the effects a weak economy may have on major giving in the coming year.

Record-breaking Gifts Continue to Mount

As fiscal 2008 drew to a close for many institutions, the **University of Pennsylvania**, Johns Hopkins University, the **Museum of Fine Arts in Boston**, and the **Mayo Clinic** were among those reaching new fundraising highs, often sparked by the mega-gifts that continue to come in to small and large institutions alike.

In the last four months alone, Dorothy Patterson bequeathed $225 million to **The Patterson Foundation**, making it one of the largest private foundations in Florida. **Princeton University** announced a $100 million gift from alumnus Gerhard R. Andlinger to establish a major engineering center. Michael Moritz and Harriet Heyman donated $50 million to **Christ Church College**—the largest gift in the college's history—as part of the *Oxford Thinking* campaign, and David H. Koch pledged $100 million toward the renovation of the New York State Theater, the largest private donation in **Lincoln Center's** history.

Defining the Mega-gift

Depending on the size of an institution and its priorities, the definition of a mega-gift varies. Amy Gutmann, president of the University of Pennsylvania, which has passed the midpoint of its $3.5 billion *Making History* campaign, says, "the simplest definition of a mega-gift is not a number, but the effect the gift will have in transforming the institution by addressing a very high priority."

"You never know where the mega-gift will come from," explains Johns Hopkins University President William Brody. "It is no longer only about multi-generational families with great wealth, it is also about new wealth. Someone may be a five- or six-figure prospect this week, and next week his or her company is bought for $100 million and that person is in a different category." Hopkins' current *Knowledge for the World* campaign has raised more than $3 billion from more than 224,000 donors.

Hopkins saw an increase in the number of million-dollar gifts in each of the last three years, reports Eicher. "Seventy-eight percent of our recent campaign total came from gifts over $1 million." Yet Eicher hesitates to call such commitments mega-gifts. "That is a very institutionally-focused term," he says. "Someone could give $5,000, and to him or her it is very significant." Eicher would prefer to use more donor-centric terms. "The planned giving officers often talk about types of gifts ending in the 'ultimate' gift, which does not allude to size but to a donor saying, 'This is my pinnacle.'"

Shelley Semmler, vice president for institutional advancement for **Ithaca College**, agrees. "We share our town with **Cornell University**, and while we are awed by their numbers, we try to stay focused on our goals and realize it is all relative," she says. Ithaca's inaugural campaign raised $145 million, beginning with a $34 million gift and ending with a $25 million gift—two of the largest gifts in the school's history. Yet, Semmler notes, the college continued to identify contributions of $100,000 or more as major gifts toward the campaign.

Joseph Moore, president of **Lesley University** in Cambridge, Massachusetts, says "Any gift seven digits and up has a significant impact on our ability to fulfill our mission." Nearly 40 years after his death, a charitable trust established by former Trustee Frank C. Doble recently brought $136 million to Lesley University, the largest gift in its history.

"We are about to celebrate our 100th anniversary, and we have received a gift that triples the size of our endowment," Moore explains. The challenge, he notes, is to use the money wisely, consistent with how the institution and society operate today.

Publicly-reported Gifts in the U.S. of $10 Million and Above (2000 to June 2008)

	Number of Gifts $100 Million and Above	Number of Gifts $10 Million to $100 Million
At June 30, 2008	13	214
2007	49	384
2006	36	354
2005	18	319
2004	15	208
2003	27	187
2002	31	175
2001	32	310
2000	24	248

Source: Based on data from The Center for Philanthropy at Indiana University

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Cultivating and Stewarding Mega-gifts

When it comes to cultivating mega-donors, Billy Joe (Red) McCombs, the billionaire co-founder of Clear Channel Communications Inc., says institutions should not pigeon-hole donors in trying to determine whether they will give or what areas are of interest to them. ("Advice from a Mega-Donor," *The Chronicle of Philanthropy*, October 26, 2007). McCombs has given more than $100 million for academic and athletic programs at **The University of Texas, Austin, Southwestern University,** and the **University of Minnesota.**

McCombs believes that universities must have well-defined plans to build a large base of donors and that they must begin educating students about the benefits of philanthropy while they are in school. "Schools see them [students] accumulate wealth and then they go after them, but they should do it sooner," says McCombs. He also affirms, "Development people have to stay totally focused on the student because that's what donors want. They're not interested in buildings or in statues, they're interested in helping the student."

For David Koch, it was four decades of enjoying New York ballet and theatric performances that led to the largest gift in the Lincoln Center's history. "I've been going to the New York State Theater for 40 years," he told *The New York Times* ("David H. Koch to Give $100 Million to Theater" by Robin Pogebrin, July 10, 2008). "I can assure you I would not make a gift of this magnitude unless I was absolutely convinced that the quality of the work was world class."

Starting this fall the building will be known as the David H. Koch Theater, but the arrangement allows the theater to be renamed for a new donor after 50 years, with members of the Koch family retaining the right of first refusal. "A naming opportunity should be a defined length of time to allow the institution to regenerate itself with another round of major fundraising," says Koch, whose other charitable donations have included $20 million to the **American Museum of Natural History** for the David H. Koch Dinosaur Wing and $20 million to Johns Hopkins University for the new David H. Koch Cancer Research Building.

> "The goal is to use the phenomenal benefit of mega-gifts in a responsible way and stay connected to those you are here to serve."
>
> Lesley University President Joseph Moore

Long-term Relationships Yield Results

Nancy Starmer, head of **George School**, calls the $128.5 million gift from alumna Barbara Dodd Anderson to the Quaker boarding and day school in Bucks County, Pennsylvania, a classic example of excellent cultivation. "We first noticed Ms. Anderson because of the size of her annual gifts. Then we began to connect with her and recognized what she loved and valued about the school," says Starmer, who was warned early on by Anderson never to discuss money. Instead, Starmer kept Anderson informed of school activities and shared information on teachers and students supported by her gifts. Anderson, whose father had taught future multibillionaire Warren Buffett at **Columbia University** and made millions investing early in

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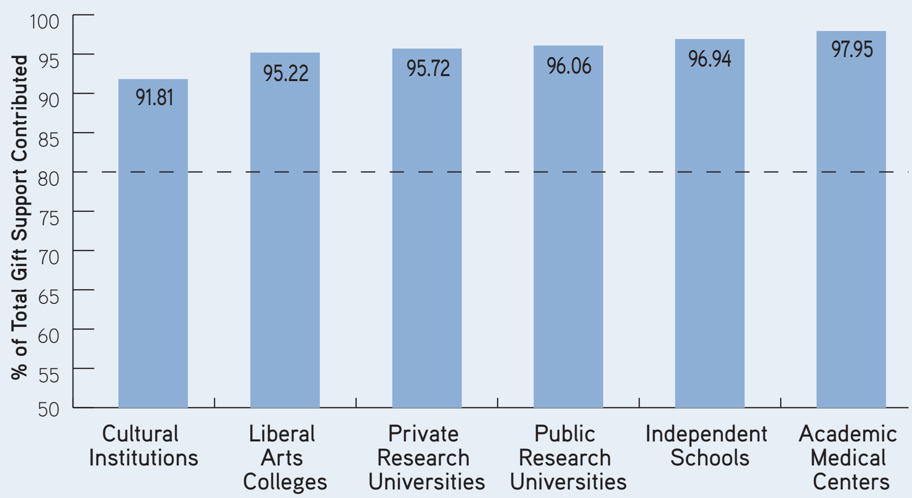
80/20? An Outdated Basis for Planning

Originally developed as shorthand to express that 80 percent of wealth is controlled by 20 percent of society's citizens, the 80/20 measure has long been a rule of thumb, of sorts, in campaign planning. For many campaigns, however, the conventional 80/20 formula has tipped to something closer to 90/10, or maybe something even more heavily slanted toward the heavy hitters, writes Susan Shea in the April 2008 *CASE Currents* ("The Big Time: Billion-dollar Campaigns and the Promise of Transformation"). Bob Sweeney, vice president for development and public affairs at the **University of Virginia**, estimates in the article that a mere one percent of donors had given 80 percent of the funds raised to date in UVA's current $3 billion campaign.

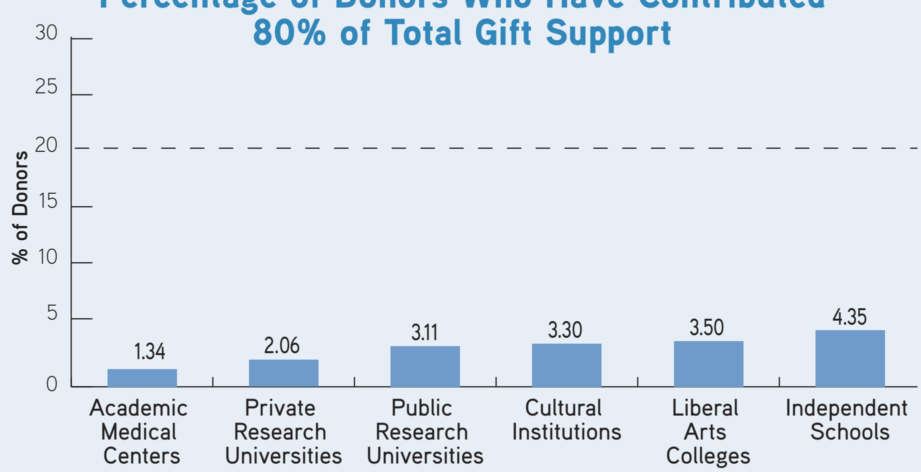
A recent study by GG+A provides evidence that fundraising has not followed the 80/20 framework for years. The charts below demonstrate two significant points: For all six nonprofit sectors analyzed, 80 percent of funds raised, over the full lifetime of recorded gifts to the institution, whether in campaigns or not, came from less than five percent of donors. Some 20 percent of donors have given more than 90 percent of the aggregate total of charitable support, including an astonishing 98 percent of funds donated to academic medical centers.

This analysis prompts an interesting version of the classic "half-full/ half-empty" dilemma. The half-full argument: A high concentration of giving from a small percentage of donors suggests that significant improvements in fundraising results are possible by moving only a few donors from good to great giving. The half-empty argument: Fundraising success depends on a relatively small number of donors, and an institution can be vulnerable if lead donors change priorities or when they die. ❖

Percentage of Total Gift Support Contributed by 20% of Donors



Percentage of Donors Who Have Contributed 80% of Total Gift Support



Source: Using GG+A's wealth screening program, DonorScape™, the firm studied complete historical giving data from living individual donors at 30 U.S. institutions, comprising some 1.6 million donor records in total.

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Berkshire Hathaway, graduated from George School in 1950 and had previously given significant gifts in support of scholarships, faculty salaries, and a new library.

As Anne Storch, the school's director of development, told *Philadelphia Magazine* ("The Giver's Dilemma," by Dan P. Lee, December 2007), the most recent gift was the result of strong stewardship. Over the years, Storch forged a close friendship with Anderson, talking on the phone and visiting her in Northern California. During one phone call in 2006, Anderson mentioned her admiration for Buffett's donation of $37 billion to the Bill and Melinda Gates Foundation and that she was looking to "do something" herself. Many conversations and seven flights to Fresno later, Anderson committed $128 million to her alma mater. Communication did not cease once the gift was finalized. "To maintain contact and give the family the assurance that we are using the gift wisely and well," Anderson's accountant has been placed on the school's investment committee, Starmer says.

Similarly, the University of Pennsylvania has been working with Jerome Fisher, a 1953 graduate of the Wharton School, and his wife Anne since the early 1990s.

> "Excitement is infectious when a school or center can reach new heights with a gift of this magnitude. There is only an upside."
>
> University of Pennsylvania President Amy Gutmann

As the Fishers' interests shifted over time, Linda Kronfeld, senior philanthropic advisor in Penn's central development office, understood the importance of keeping them engaged in a meaningful way. "I know his capacity for giving, how philanthropic he is, and how important a leadership volunteer role is to him," says Kronfeld.

Fisher's passion for medicine began when his personal physician expressed an interest in collaborating with Penn Medicine on a start-up biomedical research and education foundation. Kronfeld worked with Fisher to facilitate an introduction for his physician to the dean of Penn Medicine, and Fisher seed-funded the project. From there, a personal relationship developed between Fisher and the dean. "He agreed to join the board for Penn Medicine, and within a year said he wanted to put his and Anne's names on our new translational research building," says Gutmann.

The Fishers subsequently gave $50 million to support a new eight-story biomedical research center. Fisher, an honorary trustee, was not new to the Penn community, however. The Fishers' previous gifts to Penn, totaling more than $14 million, include renovations to two college landmarks, the Fisher Hassenfeld College House and the Anne and Jerome Fisher Fine Arts Library. They also endowed the Fisher Program in Management and Technology and the Anne Fisher Graduate Fellowship, which provides financial aid for fine arts students.

"Successful fundraising is all about relationships and vision," Gutmann adds. "Relationships begin by listening to what donors have to say. What do they really care about? What really excites them? What mark do they want to leave on the world? Then, how closely can I match their passions with our purposes?"

Sometimes donors actually initiate the discussions, says Gutmann. "One of my first mega-gifts at Penn was from a generous donor who asked me for my two highest priorities. I gave him one—the Penn Integrates Knowledge Professorships. Within two weeks he sent us a check for $10 million," she recalls.

Support From the Top

Mega-donors require courting that goes well beyond the senior development officer. "Anyone considering a seven-figure gift should know the president of an institution and the president should know him or her," says Moore, although he believes gifts result from a combination of an effective and committed board, a president who earns trust, and a professional development staff.

At Hopkins, cultivation and stewardship of large donors is tailored to the individual. "In some cases, I manage the donor or one of my senior staff manages relationships. In some cases, it cuts across areas and a donor has multiple touch points, which is a function of the multidisciplinary nature of Hopkins," says Eicher.

While the president always plays an important role in such gifts, there are other key players. "With one recent prospect, the dean of the School of Medicine and other school leaders were actively involved before the president was brought in. Academic leaders are involved early as cornerstones, not closers," describes Eicher.

Brody agrees, "We are very decentralized in our approach with donors. Depending on the program, we involve the people who do the work and the people who benefit from it. That is the best form of cultivation. It generates more excitement with donors if they meet the young scientist whose work they are supporting or meet the student who received the scholarship they funded."

For nine years, since joining the development staff at Ithaca, Semmler has worked closely with a foundation to cultivate what she believed would be a lead gift for the college's recently completed capital campaign. The $25 million gift came in within 24 hours of the campaign's end.

"We did some fairly crazy things along the way and worked as many avenues as we could to keep this gift alive and keep ourselves out there," Semmler says.

> "The worst thing you can do is take money for something that you know can't be successful. Then you end up with an unhappy, angry, or, in some cases, litigious donor."
>
> Johns Hopkins University President William Brody

"Many people who don't have extensive fundraising experience imagine that because there are a lot of mega-wealthy individuals, it should be easy to get big gifts when you need them," says Gutmann. More than likely, "It will take years and will happen when you don't expect it."

"You can't underestimate the value of one-on-one investment of time," Kronfeld attests. In cultivation of a transformational gift for one of Penn's schools, she arranged for the the dean to stay at the summer home of mega-donors. "He under-

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stands it is part of his job," Kronfeld explains. "While spending a weekend with donors may not be 'time off,' the dean's willingness to do this is a demonstration that he truly gets the value of relationship building in fundraising," says Kronfeld.

To support this philosophy, Penn is hiring a new director of principal gifts stewardship. "We want to develop a more consistent set of practices for stewarding high-level gifts across the university," says Kronfeld. "When a chair closes or building is named, regardless of the school or center, we need to celebrate and recognize gifts in a more thoughtful and uniform way."

Kronfeld also oversees the Academy of the University of Pennsylvania, whose members have made cumulative gifts of $1 million or more. "The academy allows us to institutionally recognize our most important donors, showcase our faculty and programs to important donors, and give donors the opportunity to know one another. It also ensures personal contact with the president."

To meet the needs of the growing number of potential mega-donors, **Harvard University** recently created a university development team dedicated to soliciting large donations for projects that cross schools. The new team will have the capacity to work with large donors with more than one interest or whose interests span school boundaries ("Tubs Tied Together in Refocused Fundraising Plan," by Jamison A. Hill, Clifford M. Marks, and Nathan C. Strauss, *The Harvard Crimson*, March 20, 2008).

Such teams may prove helpful in negotiating the specific demands of mega-donors. Just two years ago, Larry Ellison, CEO of Oracle, cancelled a $115 million gift to Harvard because Harvard President Lawrence H. Summers stepped down. The university had planned to create the Ellison Institute for World Health to study and measure the effectiveness of global healthcare programs. He is not the first major donor to change course. Netscape founder Jim Clark withdrew $60 million of his $150 million pledge for a biomedical research center at **Stanford University** in protest against federal restrictions on stem-cell research. In 2002, philanthropist Robert Thompson withdrew a $200 million pledge to build Detroit-area charter schools amid the city's political infighting, and in 2002 Washington, D.C., businesswoman Catherine B. Reynolds withdrew her pledge of $38 million to the **Smithsonian Institution** over an issue of programmatic control.

> "More than anything, you need a board, a president, and a senior management team who believe in the development officer."
>
> Ithaca College Vice President for Institutional Advancement Shelley Semmler

An Uncertain Economy

With gloomy economic forecasts clouding the fundraising landscape for the near future, it remains unclear how donors, from the wealthiest to average supporters, will react.

For Lesley University, the timing of its recent mega-gift was tricky. "The sale of the company took place in the final quarter of 2007, so we received assets in 2008 when most investment opportunities began declining," says Moore. "Initially, our investment is about preservation of capital."

He concedes, "The economy goes through ups and downs. We know that and donors know that. They are looking to see how judiciously we are shepherding our fiscal resources." Moore adds, "It is a challenging financial environment as a fund manager, but even more compelling is the impact of the economy on the people we serve. In that sense, the economic downturn is another piece we talk about with potential partners."

Eicher admits, "We are seeing a bit of skittishness in a few donors, but generally they aren't changing their behavior."

In recent months, Starmer says, "We have seen a pattern in bigger gifts from a smaller number of annual fund donors. We have always had a large number of small gifts, but we are definitely seeing the effects of the economy on our enrollment and on the families we work with."

"Mom, I am not a billionaire! A billion is like a thousand million. I'm worth a hundred million. A hundred million is just a hundred million."

There are other signs that positive giving trends could give way to a decline in giving in certain situations this year. **The Robin Hood Foundation**, a charity founded and supported largely by hedge fund managers, saw donations fall 21 percent during its annual benefit in May. At the same time, the benefit yielded $56.5 million in commitments in a single evening, dwarfing the results, by far, of other such benefits across the country as well as in New York.

Some wealthy donors are renegotiating terms of gifts they have already pledged, seeking to extend payment periods or even reduce amounts, Melanie Schnoll-Begun, managing director for philanthropic services at Citi Global Wealth Management, a unit of Citigroup, told *The New York Times* ("Increase in Charitable Giving Dampened by Signs of Belt-Tightening," by Stephanie Strom, June 23, 2008). "Many have used stock or other assets in their portfolios that have declined over the last several months," she says. "So we've been going to several organizations where donors have long-term pledges or even one-year gifts and looking at ways they can still live up to their commitments." ❖

Mega-gifts Pose Greater Challenges and Opportunities

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we are reporting back in more detail and more often," Eicher says.

It often takes careful planning to continue to motivate other donors following receipt of a mega-gift. "A potential donor may say, 'So you raised $2 billion, why do you need my $5,000 or my $50,000 gift?'" says Johns Hopkins University President William Brody. "You need to convince each donor that his or her gift makes a difference. Some students would not be able to attend Hopkins or some program would not be moving forward without that individual's gift." And, he adds, "Out of a $5,000 gift, someone may become a large donor one day."

Despite the recent mega-gift to Lesley University, President Joseph Moore says, "I don't think individual donors or foundations are looking at us and saying, 'Now you've got enough.' It's not the case. We are still trying to line up our programmatic initiatives with the individual interests of foundations and philanthropists."

Moore himself, however, expresses concern that higher education is getting too wealthy. "The wealthier you get, the greater the threat that your institution will become disconnected from the average family income and average working class people."

University of Pennsylvania President Amy Gutmann attests that Penn has relied upon a broad base of donors, although in the last two years the university garnered a number of mega-gifts, all of which were received "with universal excitement," including the Roberts Proton Therapy Center financed in part by a $15 million gift from graduate Ralph J. Roberts and family and a $20 million commitment by alumnus Krishna P. Singh for the Singh Center for Nanotechnology. "Not a single person felt those gifts in any way overshadowed the importance of the large base of smaller gifts that we need to drive Penn forward," Gutmann says.

Immediately after Ithaca College received its $34 million gift of real estate—an apartment building complex adjacent to the college that is now used for student housing—discussions ensued about whether to count the gift as part of the capital campaign. "We didn't want people to say, 'You raised $50 million this year, but $34 million came from this real estate gift,'" recalls Shelley Semmler, Ithaca's vice president for institutional advancement. "On the other hand, we had a very strong relationship with the developers. They saw this gift as philanthropic, and legally we could count it; it was not simply a business transaction. The donors attended Ithaca, their wives were graduates, and they had children who attended the school."

Another dilemma arises when the donor's vision doesn't match an institution's. "We have turned down large gifts or worked for up to five years to get to a place in which the donor is happy and in line with our priorities," says Brody.

Gutmann believes, "If there's no match, I am under no illusion that one can force it. My unwritten rule of fundraising is that the donor should be at least as excited about giving as I am about receiving. Otherwise the gift doesn't make sense."

The mega-gift to George School has brought both challenges and opportunities. "I have had people say, 'You don't need my money anymore,'" says Nancy Starmer, head of George School, who uses numbers to prove them wrong. George School is ranked 34th in terms of average endowment size for U.S. boarding schools, and endowment per student is still less than the average for its peer institutions.

On the other hand, Starmer says the publicity generated by the gift, with the Warren Buffett connection, "has brought people back to us and made them feel proud. It's an opportunity to connect with a broader group of constituents and work on cultivating younger donors who have not yet been involved with the school." ❖

Wealthy Worldwide Make Their Mark

Mega-gifts are hardly unique to the United States. Philanthropists around the globe are eager to support causes and organizations with mammoth funds.

The Russian capital of Moscow now boasts more billionaires than any other city in the world and Russia has almost as many billionaires as the U.S., according to Paul Khlebnikov, chief editor of *Forbes Russia*. "Russia is entering a new state of capitalism, moving away from the shadow economy, moving away from a black-market type of mentality, toward a more civilized, transparent, open form of capitalism," Khlebnikov told the *BBC News*.

Russia's billionaires are beginning to lead the way in creating their own philanthropic statements. Vladimir Potanin and Alisher Usmanov, both members of the Board of Trustees of the **Moscow State Institute for International Relations** (MGIMO), have contributed $5 million to the **MGIMO Development Fund**, the first educational endowment fund within Russia.

The Straits Times reports that $5.45 billion in charitable contributions was raised in Singapore in 2006, an increase over the $4.97 billion raised in 2005. Large, one-time contributions like the $100 million from the Khoo Teck Puat Foundation for a new hospital in Yishun were a major reason for the rise ("$5.45B That's How Much Donors Gave to Charities in 2006; Watchdog's Report Shows Past Scandals Fail to Erode Generosity of Givers," by Theresa Tan and Esther Tan, July 29, 2008).

Sir Tom Hunter and his wife Lady Marion Hunter, founders of the Hunter Foundation, have pledged to invest the majority of their 1 billion-pound fortune in venture philanthropy to focus on alleviating poverty in Africa, working with young people to prepare them for employment, and developing leaders.

Australia's wealthiest man, iron ore magnate Andrew 'Twiggy' Forrest, plans to follow suit ("Twiggy Vows to Give Away Most of Fortune," by Matt Chambers, *The Australian*, August 5, 2008). Forrest, who has an estimated $8 billion fortune, last year donated $80 million to **The Australian Children's Trust** and has donated tens of millions of dollars to aboriginal causes.

> Thanks to Russia's oil and commodity boom, Moscow edged out New York City to post the greatest number of billionaires worldwide in 2007.

And Chris Hohn, a reclusive hedge fund manager, has given almost half a million pounds to the **Children's Investment Fund Foundation**, which he created. The gift represents the largest single philanthropic gesture ever made by a Briton, writes Martin Hodgson in *The Guardian* ("Financier Gives 466 Million Pounds to Charity in Biggest Donation by a Briton," June 21, 2008). ❖

U.S. Charitable Giving Tops $300 Billion in 2007

For the first time in history, charitable giving in the U.S exceeded $300 billion despite economic worries at year's end from rising gasoline prices and the housing and mortgage crises, according to *Giving USA*. Charitable giving rose by 3.9 percent over 2006, or one percent adjusted for inflation.

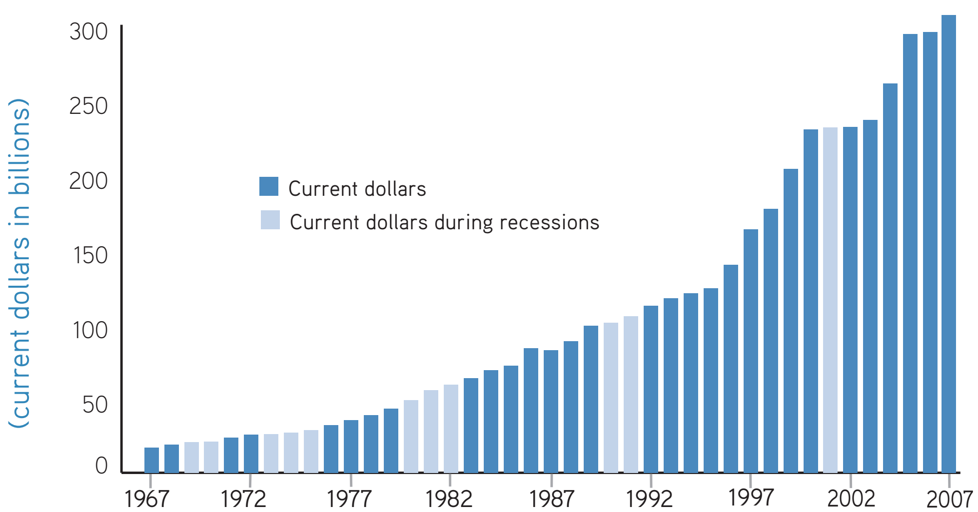
While charitable giving has consistently increased each year for the last 40 years, allocations among sectors and to specific charities have varied. Individual giving, while growing in amount over time, is a declining share of total giving, down to 75.9 percent in 2003–2007 from a high of 83.1 percent in 1978–1982. This falloff, however, is driven largely by the increase in the number of family foundations, which grew 22.3 percent from 2001 to 2005 and now total 35,693. More than one out of four of all family foundations have been established in the 2000s, according to The Foundation Center. As a result, foundation giving has been the fastest growing type of giving since the mid-1990s, representing 11.6 percent of all giving from 2003–2007, compared to 4.1 percent in 1968–1972.

In 2007, giving to religion exceeded $100 billion for the first time, but as a percentage of all giving it continues to decline from 50.3 percent in 1968–1972 to 36.7 percent in 2003–2007. Education continues to garner the second largest percentage of gifts, with 14.5 percent of total giving in 2003–2007, comparable to 14.2 percent in 1968–1972.

This year's report includes results from a survey of 366 charities about fundraising practices and the impact national events had on giving in 2007 and will have in 2008. Surveyed charities expressed concerns about a weakening economy and uncertain stock market and their impact on giving in 2008, but did not worry about the presidential campaign's effect on fundraising. According to *Giving USA,* giving fell an average of one percent in each recession year adjusted for inflation during the five recessions on record since 1967.

As economic uncertainties persist, a strong case for support will become all the more critical to help donors understand institutional needs and the short- and long-term impact of their gifts. Careful attention to stewardship, with an emphasis on information, both financial and programmatic, will serve charitable institutions well. And finally, this is not the time to subdue fundraising efforts. The old adage—if you don't ask, they won't give—may ring even truer in the coming months. ❖

Total U.S. Charitable Giving (1967–2007)



Source: Giving USA Foundation™, *Giving USA 2007,* an annual publication of the Giving USA Foundation that is researched and written by the Center on Philanthropy at Indiana University.